

April 2, 1990

REPORT TO THE COMMITTEE ON RULES, LEGISLATION,
AND INTERGOVERNMENTAL RELATIONS
CONFLICT OF INTEREST DISCLOSURE/COMPARISON OF 721 AND 730
DISCLOSURE FORMS

At its meeting on February 7, 1990, the Rules Committee directed the City Attorney to report back to the Committee on the difference between the two (2) types of Statements of Economic Interests (SEI) forms required to be filed by the Fair Political Practices Commission (FPPC) pursuant to the Political Reform Act: 1) Form 721 filed by the Mayor, City Council, City Attorney, City Manager, and Planning Commission (hereafter called "Article 2 filers"); and, 2) Form 730 filed by certain City employees and members of certain City boards and commissions (hereafter called "designated employees"). This report is in response to that direction.

The question arose during discussion of the City Attorney's Report to Rules Committee dated February 6, 1990, on the topic of "Conflict of Interest Requirements for City Boards and Commissions." A copy of that report is attached for your convenience.

There are only a few differences between the 721 and 730 forms. In lieu of describing the contents of these two (2) forms, we attach copies of both for your reference. These differences are addressed below:

1. Schedule "G".

Both the 721 and 730 forms contain almost the same type and number of reporting schedules, except for Schedule "G" which is discussed below:

Designated employees are required by current law to disclose business positions held in a business entity (i.e., as a director, officer, partner, trustee, employee or holds a position of management). Therefore, the 730 form contains a separate Schedule "G" for designated employees to report "business positions."

In contrast, Article 2 filers do not have to disclose business positions under the current law. Therefore, there is no "business position" schedule in the 721 form. Instead, Schedule "G" is used to report honoraria.

According to Ms. Alice Hughes, Political Reform Consultant

with the Technical Assistance and Analysis Division of the Fair Political Practices Commission (FPPC), designated employees also have to disclose honoraria and gifts, but they do so as part of their income (using either Schedule D - "Income" or Schedule F - "Income Gifts"). The FPPC's rationale for not developing a separate "honoraria" schedule for designated employees to file is that designated employees are appointed, not elected officials; hence, it is presumed that they will have less honoraria income to report than will elected officials.

2. Instructions.

Another difference between 721 and 730 forms is the instructions. The 730 form contains instructions to "designated employees" to consult their applicable conflict of interest codes to determine which type of financial interests (income, investment, or real property) must be disclosed. The 721 form contains no such instruction because the types of interests Article 2 filers must disclose are determined by statute. Generally, these interests include income, investment and real property. As noted above, however, Article 2 filers do not have to disclose business positions in a business entity (a form of investment interest).

Also, up until recently Article 2 filers and newly appointed designated employees did not have to disclose income received in the twelve (12) months prior to taking office. As of January 1, 1990, however, Article 2 filers and designated employees must disclose income on their "assuming office" statements (1989 Cal. Stat. ch. 499).

3. Place of Filing.

Original 721 forms are filed with the City Clerk, who in turn forwards them to the FPPC. Original 730 forms are filed with the City Clerk, who maintains them.

Respectfully submitted,
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City Attorney

CCM:jrl:048(x043.1)

Attachments

RC-90-22